

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE

For Period

Mar. 1 to Mar. 31, 20 10Mark One Box For Each
Required Report/Document**THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.**The debtor must attach each of the following reports unless the
United States Trustee has waived the requirement in writing. File original
with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	()	Comparative Balance Sheet (Form 2-B)
(x)	()	Profit and Loss Statement (Form 2-C)
(x)	()	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	()	Supporting Schedules (Form 2-E)
(x)	()	Narrative (Form 2-F)
(x)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

**I declare under penalty of perjury that the following Monthly Financial Report and any
attachments thereto, are true and correct to the best of my knowledge and belief.**

Executed on: April 22, 2010Debtor(s)*: Warehouse 86, LLC

By:**



Position:

Chief Financial OfficerName of Preparer: Ernest K. Strahan, III

Telephone No.

of Preparer: 901-628-8545

*both debtors must sign if a joint petition

**for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

ASSETS:	Filing Date	Month	Month	Month	Month	Month	Month
	11/04/08	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
CURRENT ASSETS:							
Cash	89,361	98,208	98,170	98,179	61,639	61,599	71,837
Accounts Receivable, Net	152,270	611	611	611	611	611	611
Inventory, at lower of cost or market	73,633	0	0	0	0	0	0
Prepaid expenses & deposits*	68,702	82,502	82,502	66,044	66,044	66,044	66,044
Other							
TOTAL CURRENT ASSETS	383,966	181,321	181,283	181,292	128,294	128,254	138,492
PROPERTY, PLANT & EQUIPMENT**	2,178,073	0	0	0	0	0	0
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0
NET PROPERTY, PLANT & EQUIPMENT	1,053,096	0	0	0	0	0	0
OTHER ASSETS							
Interests in incorporated businesses	6,573	0	0	0	0	0	0
Insurance claim from tornado & fire, registered name, customer lists (unknown)							
TOTAL OTHER ASSETS	6,573	0	0	0	0	0	0
TOTAL ASSETS	1,443,634	181,321	181,283	181,292	128,294	128,254	138,492

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

LIABILITIES:

	Filing Date	Month	Month	Month	Month	Month	Month
	11/04/08	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
POST-PETITION LIABILITIES ***							
Taxes Payable (FORM 2-E, P. 1 of 3)	0	-	-	-	-	-	-
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	-	-	-	-	-	-
Other - DIP Loan	-	-	-	-	-	-	-
TOTAL POST-PETITION LIABILITIES	0	-	-	-	-	-	-
PRE-PETITION LIABILITIES ***							
Notes Payable -Secured	1,264,902	3,732	3,732	3,732	3,732	3,732	3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Unsecured Debt**	2,552,082	2,516,413	2,516,413	2,552,565	2,516,413	2,516,413	2,516,413
Other							
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,548,145	2,548,145	2,584,297	2,548,145	2,548,145	2,548,145
TOTAL LIABILITIES	3,854,984	2,548,145	2,548,145	2,584,297	2,548,145	2,548,145	2,548,145
EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK							
PAID-IN CAPITAL							
RETAINED EARNINGS							
Through Filing Date****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)
Post Filing Date	45,248	44,526	(8,113)	(8,501)	(8,541)	1,697	
TOTAL EQUITY (NET WORTH)	(2,411,350)	(2,366,102)	(2,366,824)	(2,419,463)	(2,419,851)	(2,419,891)	(2,409,653)
TOTAL LIABILITIES & EQUITY	1,443,634	182,043	181,321	128,682	164,446	128,254	138,492

*Reflects disputed insurance charge-Reconciled June 2009

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

**Post-petition payables applied to pre-petition in April 2009

****This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC
CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month	Month	Month	Month	Month	Month
	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
NET REVENUE	0	0	0	0	0	0
COST OF GOODS SOLD:						
Material	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0
Overhead	0	0	0	0	0	0
TOTAL COST OF GOODS SOLD	0	0	0	0	0	0
GROSS PROFIT	0	0	0	0	0	0
OPERATING EXPENSES						
Selling & Marketing	650	0	51,799	325	0	0
General & Administration (Rents, utilities, salaries, etc.)						
Other _____	650	0	51,799	325	0	0
TOTAL OPERATING EXPENSES	72	38	53	63	40	282
INTEREST EXPENSE	(722)	(38)	(51,852)	(388)	(40)	(282)
INCOME BEFORE DEPRECIATION OR TAXES	0	0	0	0	0	0
DEPRECIATION OR AMORTIZATION:						
OTHER INCOME	0	0	0	0	0	0
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	0	0	0	0	0	0
NET INCOME (LOSS)	(722)	(38)	(51,852)	(388)	(40)	(282)

*Requires explanation in NARRATIVE (FORM 2-F).

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period Mar. 1 to Mar. 31, 20 10**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)	\$ <u>61,599</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	\$ <u>64,986</u>
	Voided Check	\$ <u>282</u>
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	\$ <u>55,030</u>
4.	Net Cash Flow	\$ <u>10,238</u>
5.	Ending Cash Balance (to FORM 2-B)	\$ <u>71,837</u>

CASH SUMMARY - ENDING BALANCE

		<u>Amount*</u>		<u>Financial Institution</u>
1.	Operating Account	\$ <u>-</u>		Bank of America-3903
2.	Operating Account	\$ <u>-</u>		Bank of America-9451
3.	Payroll Account	\$ <u>-</u>		Bank of America-5429
4.	Sales Account	\$ <u>-</u>		PayPal
5.	Sales Account	\$ <u>-</u>		PayPal Alt
6.	Money Market Account	\$ <u>71,837</u>		Bank of America-DIP
7.	Operating Account	\$ <u>-</u>		Bank of America-DIP
8.	Payroll Account	\$ <u>-</u>		Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)		\$ <u>71,837</u>		

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less
inter-account transfers & UST fees paid \$ 27

*NOTE: This amount should be used to
determine UST quarterly fees due and agree
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

QUARTERLY FEE SUMMARY

MONTH ENDED MARCH 2010

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 36,540			
February	\$ 40			
March	\$ 27			
Total				
1st Quarter	\$ 36,607	\$ 650		
April	\$ _____			
May	\$ _____			
June	\$ _____			
Total				
2nd Quarter	\$ 0	\$ _____		
July	\$ _____			
August	\$ _____			
September	\$ _____			
Total				
3rd Quarter	\$ 0	\$ _____		
October	\$ _____			
November	\$ _____			
December	\$ _____			
Total				
4th Quarter	\$ 0	\$ _____		

Fee Schedule DISBURSEMENT CATEGORY	QUARTERLY FEE DUE
---------------------------------------	-------------------

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Mar. 1 to Mar. 31, 20 10Account Name: DIP-Payroll Account Account Number: 3755551966**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$

CASE NAME: **Warehouse 86, LLC**

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Mar. 1 to Mar. 31, 2010

Account Name: DIP-Money Market Account Account Number: 3755555454

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

Date	Description (Source)	Amount
03/31/2010	Interest Income	1.92
03/24/2010	EMC-insurance proceeds earmarked for an employee's personal property	10,000.00
03/24/2010	Transfer from payroll account	12,633.48
03/24/2010	Transfer from general operations account	42,350.88

Total Cash Receipts \$ 64,986.28

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Mar. 1 to Mar. 31, 20 10Account Name: Bank of America-DIP Account Number: 3755551953**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$ 0.00

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Mar. 1 to Mar. 31, 20 10

Account Name: DIP-General Account Account Number: 3755551953

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

Date	Check No.	Payee	Description (Purpose)*	Amount
03/31/2010		Bank of America	Service charge	\$18.62
03/24/2010		Transfer to Money Market Account		\$42,350.88

Total Cash Disbursements \$42,369.50

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Mar. 1 to Mar. 31, 20 10Account Name: DIP-Money Market Account Account Number: 3755555454**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
03/31/2010		Bank of America	Service charge	\$0.55
			Total Cash Disbursements	\$0.55

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Mar. 1 to Mar. 31, 20 10Account Name: DIP-Payroll Account Account Number: 3755551966**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

Date	Check No.	Payee	Description (Purpose)*	Amount
03/31/2010		Bank of America	Service Charge	26.60
03/24/2010		Transfer to Money Market account		12,633.48

Total Cash Disbursements \$ 12,660.08

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME:

Warehouse 86, LLC

CASE NUMB 08-03423-EE

SUPPORTING SCHEDULES

For Period Mar. 1 to Mar. 31 2010

POST-PETITION ACCOUNTS PAYABLE AGING REPORT

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period Mar. 1 to Mar. 31, 2010

ACCOUNTS RECEIVABLE AGING REPORT

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE**SUPPORTING SCHEDULES**For Period Mar. 1 to Mar. 31, 2010**INSURANCE SCHEDULE**

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

**Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

Note: All insurance policies are expired, as there are no employees or property to insure.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

NARRATIVE STATEMENT

For Period Mar. 1 to Mar. 31, 2010

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.



Bank of America



CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755555454
01 01 149 01 M0000 E# 0
Last Statement: 02/26/2010
This Statement: 03/31/2010

NX 0000 01 000 533 006969 #001 AB 0.360
WAREHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
MMS ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-877-757-8233

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akruptcy Case Number:0803423

MONEY MARKET SAVINGS

Account Summary Information

Statement Period	02/27/2010 - 03/31/2010	Statement	Beginning Balance	6,851.19
Number of Deposits/Credits	4	Amount of Deposits/Credits		64,986.28
Number of Checks	0	Amount of Checks		.00
Number of Other Debits	1	Amount of Other Debits		.55
		Statement Ending Balance		71,836.92

Number of Enclosures 0 Service Charge .55

Interest Information

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
03/24		10,000.00	FORCE POST CREDIT W/O 03/22/10 SEQUENCE # 5512318631 REJ ACCT# 3755555455 FDES NCA 0006626 NBKG52M EFFECTIVE DATE 03/23/10 Effective Date is 03/23/2010	0450626008
03/24		12,633.48	FORCE POST CREDIT W/O 03/22/10 SEQUENCE # 5712454610 REJ ACCT# 3755555455 FDES NCA 0006626 NBKG52M EFFECTIVE DATE 03/23/10 Effective Date is 03/23/2010	0450626008
03/24		42,350.88	FORCE POST CREDIT W/O 03/22/10 SEQUENCE # 5712454608 REJ ACCT# 3755555455 FDES NCA 0006626 NBKG52M EFFECTIVE DATE 03/23/10 Effective Date is 03/23/2010	0450626008
03/31		1.92	INTEREST PAID ON 31 DAYS AVERAGE COLLECTED BALANCE OF	0984000375 \$25,717.62

Withdrawals and Debits

Other Debits

<u>Date</u>	<u>Customer</u>			<u>Bank</u>
<u>Posted</u>	<u>Reference</u>	<u>Amount</u>	<u>Description</u>	<u>Reference</u>
03/31		.55	FDIC ASSESSMENT	

Bank of America

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406



Account Number 3755551953
01 01 149 01 M0000 E# 1
Last Statement: 02/26/2010
This Statement: 03/31/2010

CLOSED

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
GENERAL PAYABLES ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number: 0803423

ANALYZED CHECKING**Account Summary Information**

Statement Period	02/27/2010 - 03/31/2010	Statement Beginning Balance	42,369.50
Number of Deposits/Credits	0	Amount of Deposits/Credits	.00
Number of Checks	1	Amount of Checks	42,350.88
Number of Other Debits	1	Amount of Other Debits	18.62
		Statement Ending Balance	.00
Number of Enclosures	1	Service Charge	.00

Withdrawals and Debits**Checks**

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
	42,350.88	03/22	5712454611				

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
03/15		18.62	Account Analysis Fee ANALYSIS CHARGE FEBRUARY BILLING FOR DETAIL 37555-51953	08790040006

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
02/26	42,369.50	42,369.50	03/22	.00	.00
03/15	42,350.88	42,350.88	03/31	.00	.00



Bank of America



CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551966
01 01 149 01 M0000 E# 0
Last Statement: 02/26/2010
This Statement: 03/31/2010

CLOSED

NX 0000 01 000 533 007070 #001 AB 0.360
WAREHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
PAYROLL ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-877-757-8233

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Bankruptcy Case Number:0803423

ANALYZED CHECKING

Account Summary Information

Statement Period	02/27/2010 - 03/31/2010	Statement Beginning Balance	12,660.08
Number of Deposits/Credits	0	Amount of Deposits/Credits	.00
Number of Checks	0	Amount of Checks	.00
Number of Other Debits	2	Amount of Other Debits	12,660.08
		Statement Ending Balance	.00
Number of Enclosures	0	Service Charge	.00

Withdrawals and Debits

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
03/15		26.60	Account Analysis Fee ANALYSIS CHARGE FEBRUARY BILLING FOR DETAIL 37555-51966	08790040007
03/30		12,633.48	075070083001871 RCK PP ADJUSTMENT	05120000336

Daily Balances

Date	Ledger	Balance	Collected	Balance	Date	Ledger	Balance	Collected	Balance
02/26		12,660.08		12,660.08	03/30		.00		.00
03/15		12,633.48		12,633.48	03/31		.00		.00

